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UNCLAS SECTION 01 OF 02 QUITO 002747

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SUBJECT: ECUADOR LABOR UPDATE

REF: QUITO 2386

1. Summary: Following are recent labor-related developments of interest:

- ILO Advisors to Ecuador Named (para. 2)
- Ambassador Highlights Labor Concerns (3)
- Additional Child Labor Inspectors Hired (4)
- Newspapers Highlight Child Labor (5)
- Banana Labor Dispute Update (6)
- Number of Maquilas Decreasing (9)

ILO Advisors to Ecuador Named

2. Acting Minister of Labor Jose Serrano told LabOff on November 25 that the ILO had named two consultants to assist Ecuador in the formulation of a new labor code: Adolfo Ciudad of the ILO's Lima office and Ana Maria Garcia, a Spaniard. The Ministry of Labor had submitted a request to the ILO for technical assistance on the matter. The date of their travel to Ecuador has not yet been determined.

Ambassador Highlights Labor Concerns

3. During an October 20 trip to Cuenca, the Ambassador highlighted labor issues as a possible obstacle to the conclusion of a free trade agreement and the need for labor code reform. The comments, which were widely covered in the press, came during a speech to the AmCham of Cuenca.

Additional Child Labor Inspectors Hired

4. Serrano told LabOff on November 25 that the Ministry of Labor had hired additional child labor inspectors and currently employed a total of 23 inspectors. The Ministry of Economy had approved converting their status to permanent government employees, not contractual employees, starting in January 2006.

Newspapers Highlight Child Labor

5. Between October 13 and November 21, a spate of articles (at least 10) explaining Ecuador's child labor issues appeared in prominent Ecuadorian newspapers including leading daily "El Comercio." The articles highlighted child labor in gold mining, domestic work (press reported up to 247,000 children and adolescents aged 12-17 working in this sector), carpentry, agriculture (press reported 198,534 children and adolescents between 5-17 working in this sector), brickmaking, and trash rummaging.

Banana Labor Dispute Update

6. The striking workers at El Zapote banana plantation (RefTel) were removed from the premises on the night of October 21 by police. A labor judge had issued a preliminary ruling in favor of the laborers, but this ruling was later voided by a civil judge, who cited evidence that some of the laborers had forged documents. The MOL labor inspectorate of the town of Quevedo in Los Rios province formally rejected the complaint on November 18.

7. In protest of the MOL's rejection of the complaint, banana workers physically occupied the coastal Subsecretary of Labor's offices on November 24, accusing MOL employees of corruption. FENACLE banana union leaders met with the acting Minister of Labor Jose Serrano on November 28 asking that Serrano designate a high level commission to analyze the El Zapote conflict. Labor leaders also asked for administrative investigations into two labor inspectors involved in the conflict.

8. Guayaquil CG and PolOff met with Dole manager Mario Padilla and Dole legal advisor Luis Vernaza on October 27 to express concern about the case, which involves suppliers to Dole. The Dole representatives said they had been urging the plantation owners to settle the dispute. Vernaza said that

the workers protesting were not part of the plantation's permanent staff, but rather were short-term contractors hired to work during peak season. (FENACLE denies this.) Padilla said that Dole had not been buying fruit from the plantation, not because of the labor issue, but because the fruit quality had fallen during the strike and did not meet their standards.

Number of Maquilas Decreasing

19. According to press, the number of "maquilas" or assembly plants of imported component parts for re-export, in the country has decreased from 150 to 43 due to bureaucratic hassles related to the frequently changing staff of the Ecuadorian Customs Corporation and constantly changing interpretations of Customs Law. A 2003 reform to the Customs Law added extra requirements for customs transactions. Many of the maquila workers are hired under temporary contracts. Nationwide 65 percent of maquilas are in Quito and Cuenca. In Cuenca, the main activity is jewelry production.

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